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Chief Legal Officer

September 30, 2019

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Blue Granite Water Company's Request for Approval of Water and Sewer
Agreements
Docket No. 2019-257-WS

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Service Commission of South Carolina ("PSC") that ORS has reviewed Blue Granite Water Company's ("BGWC" or "Company") request for approval of water and sewer agreements ("Agreements") between BGWC and Fielding Homes, LLC ("Fielding Homes").

Overview of Company's Request

BGWC requests the Public Service Commission of South Carolina ("Commission") approve three (3) Agreements between BGWC and Fielding Homes concerning residential real estate properties located in Lake Wylie, South Carolina in York County. Specifically, the real estate properties ("Properties") include Paddlers Cove Phase 3B (71 lots), Paddlers Cove Phase 3C (69 lots) and Paddlers Cove-Townhomes (94 townhomes). BGWC and Fielding Homes have negotiated the Agreements under which BGWC will provide water and sewer service to the Properties, and in turn, Fielding Homes will construct and install water distribution and sewer collection facilities necessary to serve the Properties according to the terms and conditions of the Agreements. BGWC requests the Commission approve the Agreements. BGWC further requests the Commission approve the Agreements without the need for notice or hearing.

Water Restrictions for the York County/Lake Wylie Service Area

On May 31, 2019, BGWC notified the Commission that it implemented a conservation protocol for non-essential water use in the York County/Lake Wylie service area. In the letter filed in Docket No. 2014-309-W, BGWC stated that the conservation protocol was implemented to protect the public health, safety, and welfare of its customers by ensuring adequate water for drinking, sanitation, and fire protection services. The conservation schedule limits the hours and days of use for lawn irrigation and other uses, such as power washing driveways, sidewalks, decks, patios, streets, and exterior building surfaces. The restrictions on water usage for the service territory are in effect from May 31, 2019 to October 1, 2019.

In Docket No. 2019-223-W, Order No. 2019-567, the Commission authorized BGWC to enter into a wholesale water supply contract with the City of Charlotte to serve customers in the York County/Lake Wylie service area. As part of that wholesale contract, a new, secondary water supply connection to the City of Charlotte would be constructed. That water supply connection is scheduled to be completed in October of 2019.¹ The secondary water supply connection will provide up to 2.0 million gallons per day (“MGD”) of additional water supply. BGWC’s current water system is able to supply 1.82 MGD to its York County/Lake Wylie service area.²

The Commission received approximately 70 “Letters of Protest/Comments” from BGWC residential and business customers in Docket No. 2018-358-WS. These letters identify concerns with the York County/Lake Wylie service area water restriction, service quality, and rates. In addition, Congressman Ralph Norman asked the South Carolina Department of Health and Environmental Control (“DHEC”) to review the water supply issues impacting BGWC customers in the York County/Lake Wylie service area. Congressman Norman’s letter to DHEC was filed with the Commission in Docket No. 2018-358-WS.

At the request of Senator Wes Climer, ORS attended a community meeting at the Clover/Lake Wylie YMCA on September 5, 2019. The Company attended and spoke at the community meeting. Constituents of Senator Climer were very concerned about the BGWC water restrictions, the population growth in the York County/Lake Wylie service area and the limited water supply.

ORS Recommendations

The Commission has approved similar agreements for development in the Paddlers Cove subdivision.³ In fact, ORS recommended approval of prior agreements between BGWC and developers in the York County/Lake Wylie service area. As in prior agreements for water and wastewater service, the Application and the Agreements contain the following provisions specific to provision of adequate water and wastewater service:

¹ BGWC responses to ORS Utility Rates Request #2 in Docket No. 2019-257-WS.

² BGWC responses to ORS Utility Rates Request #1 in Docket No. 2019-257-WS.

³ Docket Nos. 2015-341-WS, 2015-403-WS, 2017-202-WS and 2017-213-WS

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- 1) BGWC has water and sewer service available to serve the Properties (Application p.2);
- 2) BGWC agrees to reserve adequate capacity for water and wastewater connections (Attachment A p.9); and
- 3) BGWC “agrees to supply all customers...with adequate and customary water and wastewater servic[e]” (Attachment A p.12).

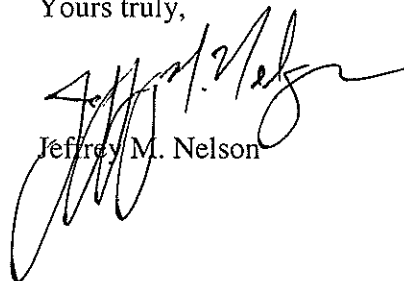
Current customers of BGWC expressed concerns about the water shortage and their inability to irrigate lawns or throughout the summer. Some customers question why BGWC should be allowed to enter into Agreements with developers to serve new customers; however, current customers are restricted in their water use. These are fair concerns expressed by BGWC customers.

Under the South Carolina Code of Regulations, BGCW has the responsibility to provide water supply that is sufficiently large to meet all reasonably expectable demands for service.⁴ Additionally, BGWC must provide a continuous source of water.⁵ To provide greater transparency into BGWC’s water planning process, ORS recommends the Commission require BGWC to submit to the Commission and ORS a Water Management Plan which will address, among other things, the steps BGWC has already taken or will take to address the water supply shortage in the York County/Lake Wylie service area. The Water Management Plan should include detailed information about how BGWC will:

- conserve the available water supply in times of drought and emergency;
- maintain supplies for domestic water use, sanitation, and fire protection; and
- minimize the adverse impacts of water supply shortages.

ORS recommends the Commission require the Company to submit a water management plan to the Commission for review and comments by interested parties and customers. In general, ORS does not object to the substance of the three (3) contracts between BGWC and Fielding Homes.

Yours truly,



Jeffrey M. Nelson

cc: Joseph Melchers, Esquire (via E-mail)
Other Parties of Record (via E-mail)

⁴ S.C. Code Ann. Reg. § 103-753

⁵ S.C. Code Ann. Reg. § 103-770